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Dave Goetz
COMMISSIONER

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DIRECTOR

MEMORANDUM

TO: Members of the General Assembly

FROM: M. D. Goetz, Jr.

DATE: Oct 2, 2006

SUBJECT: Cover Tennessee Status - September

The purpose of this correspondence is to provide a status report to Members of the General Assembly concerning implementation of the **CoverTennessee** healthcare initiative. This spring the General Assembly adopted legislation, which is codified as Chapter 827 of the Public Acts of 2006, with the program components collectively referred to as Cover Tennessee. This legislation provided for the development of the following healthcare initiatives:

- **CoverKids**
- **AccessTN**
- **CoverTN**
- **ProjectDiabetes**

In addition, this Department is working on the new **CoverRx** pharmacy assistance program for uninsured Tennesseans with income under 250% of the federal poverty level. We are also collaborating with the Department of Education on statewide expansion of **Coordinated School Health**, a related program authorized under separate legislation.

As promised, the Cover Tennessee team is providing this status report to the Members of the General Assembly to apprise you of the progress and implementation milestones for these programs.

Cover Tennessee

Summary: Legislative Update 9-30-06

CoverKids: Comprehensive Health Insurance for uninsured children under 19, under 250% FPL

- Series of meetings conducted with children's hospitals, pediatricians and advocates in Chattanooga, Knoxville, Memphis and Nashville regarding program development and benefit design
- Formal plan document submitted to CMS September 6, 2006. Negotiations ongoing.
- Near completion of RFP for plan administrator
- Near completion of enrollment and outreach mechanisms
- Timeline:
 - Issue RFP October, 2006
 - Award Contract November, 2006
 - Enrollment Begins November, 2006
 - Benefits begin January, 2007

AccessTN: Comprehensive health insurance for uninsurables under state-run high risk pool

- David Hilley, J.D. has been hired as Director of AccessTN
- The AccessTN Board of Directors has been named, and that board has convened three meetings
- The AccessTN Board has considered and approved three benefit plans, including one Health Savings Account option, that will be included in the plan offerings
- An application is pending with CMS for a \$1million seed grant for program start-up costs
- Planning is ongoing for a premium assistance program for low-income participants
- Conversations are underway regarding application for HIFA waiver and how to avoid entanglements related to the consent decrees
- Timeline:
 - RFP for plan administrator to be issued October, 2006
 - AccessTN expects to contract for Plan Administrator during Q4, 2006
 - Enrollment and benefits expected to begin Q1, 2007

CoverTN: Basic, affordable and portable health coverage for Tennessee's working uninsured

- Request for Information completed
- Advisory Council nominations under consideration
- Conducted many informational meetings in communities across the state with small business owners and advocacy organizations representing small businesses, including 7 sponsored by Chambers of Commerce and the NFIB
- Launched online small business pre-qualification September, 2006
- Issued RFP October 6, 2006
- Timeline:
 - Advisory Council announced October, 2006
 - Award plan administrators (2 plans) by January, 2007
 - Enrollment and benefits during Q1, 2007

CoverRx: Pharmacy assistance for uninsured Tennesseans under 250% FPL

- RFI completed
- RFP Issued August, 2006
- Timeline:
 - Contract awarded October, 2006
 - Participation begins January, 2007

Project Diabetes: Grant programs to enhance prevention, education, and treatment for Type 2 Diabetes and Obesity

- Board nominations for Board of Trustees under consideration
- Process of establishing non-profit organization underway
- NIH grant for Healthy Teen interventions underway
- Timeline:
 - Announce Board October, 2006
 - Announce 10 additional schools for NIH program September, 2006
 - Issue request for grant proposals to providers October, 2006
 - Fund grants for providers November, 2006

Coordinated School Health: Educational programs through the schools to encourage healthy living and prevention for Type 2 Diabetes and Obesity

- Preparing for expansion of Coordinated School Health to schools statewide
- Issued request for grant proposals August, 2006
- Timeline:
 - Fund awards October, 2006

Other

- A toll free number has been established 1-888-COVERTN to sign up interested persons for future updates on Cover Tennessee programs
- Web site created at www.CoverTN.gov that allows individuals to sign up for email updates as Cover Tennessee programs develop in the coming months
- Update list is now at almost 12,000 individuals
- Planning is underway for procurement of appropriate marketing and outreach services for all programs

Cover Tennessee Legislative Update 9-30-06

CoverKids

CoverKids will offer comprehensive health insurance for Tennessee's uninsured children. It is Tennessee's version of a State Children's Health Insurance Program (SCHIP) as authorized by Title 21 of the Social Security Act. Federal funds are available to provide support of 74% of the program's benefit cost (effectively offering a \$3 to \$1 match for each state dollar invested) and will match administrative expenses up to 10% of the benefit costs for federally eligible recipients.

Federal rules require that a State Plan for SCHIP implementation must be approved by the Centers for Medicare and Medicaid Services (CMS) before receipt of the federal match. That plan was submitted by the state on September 6, 2006 and is attached for your reference. CMS will have up to 90 calendar days to approve this plan though the agency may suspend that time frame during the period in which it seeks additional information from the state.

According to federal rules, benefits must be based on the benefit package utilized in a benchmark plan, like the state employee health plan. The CoverKids program will use the state employee PPO health plan as the baseline for CoverKids benefits planning. Tennessee's proposal is based on a financial model which provides appropriate risk protection through fully insured coverage.

The staff has proposed a benefit package and recommended that there be no participant premiums for participating families under 250% FPL.

Leading up to the state's plan submission, a team of CoverKids representatives conducted a series of forums with pediatricians, children's hospitals, and child advocates across the state to share current CoverKids planning and solicit input for more thorough plan design. These meetings were held in Nashville, Memphis, Chattanooga and Knoxville during the months of August and September.

We are developing a Request for Proposals for plan administration and examining ways to secure an eligibility and enrollment capability. The RFP will be released in October, 2006 and the successful vendor will be announced in November, 2006.

Enrollment is anticipated to begin in late October, 2006 through an enrollment and eligibility vendor that will operate independently of any existing state-sponsored health insurance program. This enrollment and eligibility vendor will, however, comply with federal rules that require all applicants for SCHIP coverage first be screened for Medicaid eligibility before screening for the CoverKids program.

At presstime for this Legislative Update, CMS had stopped the clock to seek answers to a few questions. CoverKids staff expects to have these questions answered during the first week of October. Staff views this as a good sign that CMS is moving quickly to review the application and offering our team ample time to begin answering questions and keep the program on track.

AccessTN

AccessTN will offer comprehensive health insurance for uninsurable Tennesseans under a state-run high-risk pool that will resemble pools operated by the majority of states. The benefits provided under AccessTN will be modeled

after the benefits provided under the state employee health plan. AccessTN is funded through a combination of participant premiums, state appropriations and assessments on the health insurance industry, including self-insured entities.

In August, 2006, the Department of Finance & Administration announced that David Hilley, JD will serve as Director of the AccessTN initiative. Prior to working with AccessTN, Hilley served as Vice President of Operations for Seton Healthcare Network in Texas, and most recently, as Privacy and Compliance officer for TennCare.

The authorizing legislation requires a thirteen-member Board of Directors to adopt a plan for operations and ongoing funding. The Board has been appointed and represents a cross-section of the public, the legislature, doctors, hospitals, insurance carriers, and governmental agencies needed to work together to improve access to insurance for the uninsurable. Lt. Gov. John Wilder has designated Sen. Jim Kyle to represent the Senate and Speaker Jimmy Naifeh has selected Rep. Gary Odom to represent the House of Representatives.

The AccessTN board held its organizational meeting on August 29, 2006 in Nashville. A second meeting was held on September 21, 2006, and a third meeting on September 29, 2006.

The Board adopted provisional bylaws for its operations and received a timeline for development of the AccessTN Operations Plan. This plan is subject to review by the Commissioner of Finance & Administration and the Comptroller. Further, the authorizing legislation requires that AccessTN offer two types of health insurance coverage. One plan will be similar to the state health insurance plan and the other will be a high deductible plan, based on a consumer-driven model, and will include an optional health savings account. Those coverage plans were adopted by the AccessTN Board during its September 21 meeting.

A Request for Proposals for a plan administrator will be released in October, 2006. It is anticipated that the tasks assigned to an administrator would be typical of those expected in a self-insured arrangement with the addition of eligibility determination, premium collection and the maintenance of basic financial records. There may also be a separate procurement for services related to premium assistance administration and disease management when the AccessTN Board adopts its Operations Plan.

The Division of Insurance Administration within the Department of Finance & Administration is developing a recommendation to the AccessTN Board for using the premium assistance authority provided in the enabling legislation. \$5 million has been appropriated for general premium assistance, and an additional \$8 million has been appropriated for TennCare disenrollees.

A separate non-recurring appropriation of \$25 million has been earmarked for the pursuit of federal matching funds through a HIFA waiver (Health Insurance Flexibility Act). The HIFA waiver is discussed in Chapter 951 of the Public Acts of 2006. It is worth noting, however, that one of the guiding principles for the development of AccessTN is that we will build the program in such a way as to minimize federal regulation of the coverage.

At the September 21, 2006 board meeting, attorneys from Cooper & Kirk, who have represented the State in TennCare litigation, shared concerns that seeking federal funds under a HIFA waiver may be inadvisable due to potential entanglements between AccessTN and the Grier and Rosen consent decrees, which currently affect the TennCare program. Specifically, the federal funding available for this waiver would come from Title XIX funds, and the Grier and Rosen consent decrees, as written, potentially apply to any program funded out of Title XIX funds. Thus, unless the consent decrees are amended, the acceptance of federal funds might entangle this program to the point of inoperability. To the extent that occurs, our intent remains not to seek federal assistance.

Since receiving this guidance, the state's legal counsel and plaintiff attorneys have filed a joint motion to amend the consent decrees to insulate AccessTN from these decrees. The Board and staff are moving forward to define the strategy for seeking federal assistance.

It is expected that AccessTN plan administrators will be announced in the fourth quarter of 2006, with enrollment and benefits to begin in January, 2007.

CoverTN

The heart of the Cover Tennessee program is CoverTN, an opportunity for working Tennesseans to obtain affordable, portable, basic health coverage. Participation in this plan during the first year will be driven by qualified small employers (25 or fewer employees) and sole proprietors who voluntarily choose to participate in CoverTN.

In September, 2006 Commissioner Dave Goetz and CoverTN staff, in conjunction with the Chambers of Commerce and NFIB, embarked on a series of presentations to orient small business across the state with the upcoming program. These meetings were held in Nashville, Johnson City, Knoxville, Chattanooga, Jackson, Dyersburg, and Memphis. Similar presentations to a wide variety of stakeholder audiences are ongoing.

In preparation for these meetings, a web-based pre-qualification form was launched to explain how a company can pre-qualify to offer CoverTN and guarantee that they will be among the first to receive enrollment materials from the plan administrators selected in the RFP process. This tool can be accessed at www.CoverTN.gov.

According to statute, CoverTN will have an Advisory Committee appointed by the Commissioner of Finance & Administration. In addition to these members, the Speaker of the Senate and Speaker of the House each will appoint two members. This Committee is designed primarily to advise the Commissioner of Finance & Administration on program implementation. Nominations for this Committee are currently underway. The Committee is expected to be announced in October, 2006.

Following the Request for Information issued in June, 2006, the State contracted with an independent consulting firm to conduct a series of blind conversations with potential bidders to further educate vendors on the goals of this program and to solicit greater insight for program design before issuing a Request for Proposals for plan administrators.

An RFP was issued on October 6, 2006 soliciting proposals for a plan administrator. The expected start date for a contract is January, 2007, with enrollment to begin within the first quarter of 2007. According to statute, at least two plans will be selected to offer CoverTN participants a choice in benefit design. Additionally, statute requires that bidders have at least a "B+" or better financial rating.

CoverRx

CoverRx builds upon the successful experience Tennessee has had with pharmacy assistance to disenrollees under the Health Care Safety Net created in 2005. CoverRx will replace the current program, continue to support the Mental Health Safety Net program and expand pharmacy assistance to other Tennesseans with a household income under 250% FPL who are uninsured or without drug coverage.

Specifically, the program will utilize a mostly generic formulary with select brand name medications. Participants will not be charged a premium but will pay a sliding scale co-payment when they fill a prescription. The program will also have a wrap-around discount for any medications not included in the formulary.

An RFP was issued August 30, 2006. We anticipate awarding a contract in October, 2006. Current participants of the Mental Health Safety Net will be auto-enrolled beginning in December, 2006. Open enrollment and pharmacy assistance will begin in January, 2007.

ProjectDiabetes

The Diabetes and Health Improvement Act of 2006 authorizes the establishment of the Tennessee Center for Diabetes Prevention and Health Improvement. The purpose of the Center is to develop, implement, and promote a statewide effort to combat the proliferation of Type 2 diabetes. The Center will have a Board of Trustees and is also authorized to establish a not-for-profit organization.

Currently, board nominations are underway as is the process of filing the appropriate documentation to establish the not-for-profit organization. The Board is expected to be announced in October, 2006 with the first board meeting to occur soon thereafter.

The Center is authorized to administer two grant programs. The first program is to provide grants to high schools to promote the understanding and prevention of diabetes. Two Tennessee high schools, Cookeville High School and Haywood County High School, have been selected to participate in program administered grants from the National Institutes of Health. Ten additional high schools will be selected to participate in an expanded grant program, building upon the NIH grant framework. These ten schools will be announced in October, 2006, and will begin in the fourth quarter of this calendar year. The NIH grant schools will begin in October, 2006.

The second set of grants will go to providers of services related to the prevention and/or treatment of diabetes. These grants are targeted at evidence-based programs focusing on new or expanded populations and/or innovative approaches to address this disease. These grants are not targeted to replace or supplement funding for existing programs. We are in the process of developing a request for grant proposals. We anticipate that the Request for Proposals will be issued in October, 2006 with a distribution of funds in November, 2006.

Coordinated School Health

Tennessee's Coordinated School Health program began with 10 pilot sites in 2001 in accordance with the model developed by the Centers for Disease Control. These programs are designed to combat a variety of health-related concerns such as lack of exercise, poor eating habits and physical or mental abuse. Participating school systems engage parents, school personnel and the wider community in creating a culture that emphasizes physical activity and healthy eating habits as well as mental, emotional and social health.

The program's success has led Tennessee to become the first state to mandate and fund a statewide Coordinated School Health program. An evaluation of these pilots in 2005 demonstrated improved nurse to student ratios, accelerated progress in math and language arts achievement, increased class time in physical education, and improved graduation rates.

The Tennessee Department of Education issued a request for grant proposals in mid-August, 2006 and plans to award grants to expand Coordinated School Health Program to other school systems in October, 2006. All Tennessee school systems are expected to implement a coordinated school health program by the 2007-08 school year.

Communications and Outreach

In recent weeks staff has launched a web site to provide information on each Cover Tennessee program. This site can be accessed at www.CoverTN.gov. This site will evolve as we continue to develop each of the programs.

Tennesseans interested in receiving updates on any Cover Tennessee program can sign up to receive them at www.CoverTN.gov or by calling 1-866-COVERTN. To date, almost 12,000 people have signed up for these updates. For the most current and in-depth information, we recommend signing up with an email address so that you can receive electronic updates.

The Cover Tennessee team has been and will continue presenting these programs across the state to get the word out at the grassroots level about solutions for the uninsured. If you have a potential speaking engagement where it would be appropriate to include a presentation on Cover Tennessee programs, please let us know and we will do our best to accommodate you, or at least equip you with the operative information.

Looking forward, our team is developing RFPs for marketing and outreach services to support these important initiatives. We anticipate that CoverKids marketing and outreach will be the first to launch and that the umbrella marketing campaign for the suite of Cover Tennessee products will be added during first quarter of 2007.

In other states, the most successful marketing and outreach initiatives for programs like these has included a marketing/awareness campaign that is integrated with community outreach through schools, providers, churches, and other business and community groups. We are seeking to build on these elements to drive enrollment in these products.

COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

August 28, 2006

DIRECTOR AND BOARD NAMED FOR ACESSTN

BREDESEN'S HEALTH PLAN FOR UNINSURABLES WILL HAVE FIRST BOARD MEETING AUGUST 29, 2006

Commissioner Dave Goetz has named David Hilley, JD to lead the Governor's comprehensive insurance plan for uninsurable Tennesseans, AccessTN. Hilley joins the Division of Insurance Administration under the Department of Finance & Administration. Prior to working with AccessTN, Hilley served as Vice President of Operations for Seton Healthcare Network in Texas, and most recently, as Privacy and Compliance officer for TennCare.

"David Hilley is uniquely qualified to lead AccessTN," said F & A Commissioner Dave Goetz. "He has impressive experience running a health plan in Texas, and he knows the Tennessee experience from his tenure at TennCare. We are lucky to get him for this initiative."

AccessTN is a high-risk pool specifically designed to meet the higher utilization needs of Tennesseans who are seriously ill and have been deemed uninsurable. Thirty-three other states operate similar high-risk pools. AccessTN is one program under the larger Cover Tennessee umbrella which also encompasses insurance options CoverTN and CoverKids, prescription assistance under CoverRx, and healthy lifestyle initiatives under ProjectDiabetes and Coordinated School Health.

This week, the Commissioner has also announced the Board of Directors for AccessTN. According to statute the Board includes 3 representatives of the Administration, 2 nominees from the Speakers of the General Assembly, representatives of the Tennessee Hospital Association, the Tennessee Medical Association, a self-insured employer with more than 500 employees, a commercially insured employer of less than 500 employees, a producer in the health insurance business, and a member of the general public. After a plan administrator contract has been awarded, representatives will

be added from a hospital and medical service corporation and from an insurer other than a hospital and medical service corporation,

The Board is tasked with presenting an operational plan and a funding plan to the Commissioner of the Department of Finance & Administration and to the Comptroller of the Treasury on an annual basis to assure fair, reasonable and efficient administration of the pool and its ongoing financial solvency. These plans shall become effective upon approval by both the Commissioner and the Comptroller.

An organizational meeting of the Board has been scheduled for August 29, 2006, in the Executive Conference Room of the State Capitol, at 1:30 pm.

Board members include:

- Dave Goetz, Commissioner, Finance & Administration, Board Chair
- Kenneth Robinson, Commissioner, Health
- Virginia Trotter Betts, Commissioner, Mental Health and Developmental Disabilities
- Rep. Gary Odom, D-Nashville, Nashville, TN
- Tim Scarvey, HCA, Brentwood, TN
- Tracy Bradford, Synaxis, Polk and Sullivan, Memphis, TN
- William Phillips, Bridgestone/Firestone, Nashville, TN
- Sylvia Walker, State Farm Insurance, Memphis, TN
- Lou Cook, Dyersburg, TN
- Tara Sturdivant, State Department of Health, Knoxville, TN

A member from the Senate has not yet been named.

COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

August 28, 2006

GRANT OPPORTUNITIES:
COORDINATED SCHOOL HEALTH

In the next few weeks, the Tennessee Department of Education will award grants to expand Coordinated School Health program (CSH) to school systems across the state. All school systems are to implement a coordinated school health program by the 2007-08 school year.

School systems will receive information about grant applications at the end of August. Those systems that submit a letter of intent to apply will receive full application materials. Information sessions will be held in late fall. To read more about Coordinated School Health or the Centers for Disease Control model, visit <http://www.tennessee.gov/education/ci/cischhealth/cihlthmainpage2.shtml>.

The root of the Coordinated School Health program is an understanding that it is in the best interest of everyone to attend to students' basic health needs to ensure learning can take place. Because of the amount of time children spend at school, it is an optimal place to help cultivate the attitudes, knowledge and habits that lead to healthy productive lives.

The coordinated school health approach emphasizes needs assessment; planning based on data, sound science, and analysis of gaps and redundancies in school health programming; and evaluation. The national model consists of equal emphasis on health instruction; school health services; healthy school environment; counseling, psychological and guidance services; nutrition; staff wellness; physical education; and an integrated school-community partnership.

The success of a Coordinated School Health program depends largely on the effective integration of these eight components. If well

COVERTN:
Coming to a Chamber Near You

In coming weeks, Commissioner Dave Goetz will be traveling the across Tennessee to talk to small business about CoverTN, an affordable health insurance product currently under development that is intended specifically to meet the needs of small businesses struggling to offer even basic health coverage for their employees.

These meetings are being hosted by area Chambers of Commerce and supported in part by the Tennessee Chapter of the National Federation of Independent Business.

9/6/2006	Johnson City	7:30 AM	(423) 461-8000
9/6/2006	Knoxville	11:45 AM	(865) 637-4550
9/7/2006	Chattanooga	7:30 AM	(423) 756-2121
9/7/2006	Nashville	11:45 AM	(615) 743-3102
9/8/06	Jackson	7:30 AM	(731) 423-2200
9/8/2006	Dyersburg	11:45 AM	(731) 285-3433
9/12/2006	Memphis	7:30 AM	(901)543-3500

coordinated, these components can have complementary effects on the physical, mental, emotional and social well-being of students, staff, and the community.

Particularly crucial is a system-wide coordinator, a position required for implementation in Tennessee. Each school can begin this process by utilizing a self-assessment and planning tool called the School Health Index, a resource available free from the CDC.

In 2006, Tennessee became the only state to mandate and fund a statewide coordinated school health program. Tennessee began with 10 CSH pilot sites in 2001 that followed the model developed by the Centers for Disease Control. A 2005 evaluation of these pilots found positive effects such as improved school nurse to student ratios, accelerated progress in math and language arts achievement, improved graduation rates and increased P.E. class time.

More school personnel are participating in wellness programs now than in 2003 and the School Health Advisory Councils have more parent and community involvement. These programs also provide access to health screenings that include vision, hearing, blood pressure, Body-Mass Index and scoliosis

Over time, it is anticipated these healthy lifestyles initiatives with children will decrease the costs of health care in Tennessee for chronic and preventable illness, and increase the quality and longevity of life for Tennesseans.

To sign up for updates on
Cover Tennessee
call **1-866-COVERTN**
or go to www.Tennessee.gov

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COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

September 19, 2006

GOVERNOR'S PLAN FOR COMPREHENSIVE INSURANCE FOR CHILDREN SENT TO FEDERAL OFFICIALS FOR APPROVAL

The formal application for CoverKids, Governor Bredesen's plan to extend comprehensive health insurance to uninsured children, has been submitted to the federal Centers for Medicare and Medicaid Services (CMS) for approval. Once approved by CMS, Tennessee will be eligible to receive a \$3 federal match for every \$1 the state spends on health coverage for uninsured children. Tennessee has allocated \$63 million over 3 years to fund this program.

"CoverKids will fill a critical gap for uninsured children in Tennessee," said Governor Phil Bredesen. "Investing in the health of our children at an early age is one of the best investments we can make in our state's future. CoverKids will offer comprehensive coverage for our kids, which promises to keep them healthier for a lifetime."

CoverKids is one component within the suite of Cover Tennessee programs designed to offer affordable health insurance options for uninsured Tennesseans. Children under 19 years of age who are in families with incomes under 250% of the federal poverty level (about \$50,000 for a family of four) will be eligible to receive coverage under CoverKids. Additionally, pregnant women who otherwise meet eligibility requirements will be able to receive maternity coverage under CoverKids.

The benefits covered by CoverKids are based on the coverage provided to state employees. Unlike the state employee health plan, CoverKids will include preventive care, such as well-baby and well-child exams and age appropriate immunizations, with no co-payments.

"The Census Bureau estimates there are more than 127,000 children in Tennessee going without insurance," said Dave Goetz, Commissioner of Finance & Administration, who is leading the Cover Tennessee initiative. "We are deliberately sticking very close to the standards and benchmarks of the federal State Children's Health Insurance

Program, or SCHIP model, so CMS can approve this plan quickly, and we can get this up and running where it can help the kids who need it."

"We are right on schedule," said Dr. Andrea Willis, Director of CoverKids. "Our timeline for implementation is aggressive, but we are well on our way to bringing CoverKids to life. It is important that we get this plan operational as soon as possible. For many of these kids CoverKids may represent their first opportunity to develop a relationship with a primary care provider and get regular care."

Enrollment is expected to open in late October with coverage to begin in January, 2007.

More information on all Cover Tennessee programs is available at www.CoverTN.gov. Tennesseans can sign up to receive email updates as more information becomes available on the web site or by calling 1-866-COVERTN.

SMALL BUSINESSES CAN NOW PRE-QUALIFY TO OFFER COVERTN TO EMPLOYEES

Governor Bredesen's plan to offer health insurance options to small businesses in Tennessee marks another step in its evolution with the launch of a website designed to help interested businesses sign up for the program.

CoverTN is designed to be an affordable and portable policy that meets the day-to-day health care needs of working Tennesseans.

Recent census data tells us there are just over 700,000 uninsured adults in Tennessee. According to Department of Commerce and Insurance, the majority of Tennessee's uninsured work, and 53% of these working uninsured are employed at small businesses of 25 or fewer employees.

To sign up to receive updates on Cover Tennessee,
call 1-866-COVERTN or log onto www.CoverTN.gov

[Email Sign Up](#) | [Contact Us](#) | [Newsroom](#)

Cover Tennessee

Sign Up for Update Information

To receive periodic updates about the development of Cover Tennessee programs, citizens can [sign up for the Cover Tennessee e-mail list](#), or call 1-866-CoverTN

Preliminary Qualification Form

Employer Information:

Company Name:

Company Address:

City: State: Zip:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Title of Contact Person:

Contact's Phone: -

Contact's Fax: -

Contact's Email:

Health Insurance

Is your Company located in Tennessee? ☐ Yes ☐ No

Do you have fewer than 25 full-time equivalent employees? ☐ Yes ☐ No

Do half of your employees earn below \$41,000.00 per year? ☐ Yes ☐ No

Have you offered health insurance in the last six months? ☐ Yes ☐ No

If so, did you pay less than 50% of the employee premium? ☐ Yes ☐ No

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Cover Tennessee
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Tennessee State Capitol
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Interested businesses can go to www.CoverTN.gov, provide contact information and answer a few questions, and find out if they pre-qualify to offer CoverTN.

In order to qualify, a business must:

- Have 25 or fewer employees
- Be located in Tennessee
- Have at least half of their employees earning under \$41,000
- Not have offered health insurance for at least 6 months, or if offered, paid less than 50% of the premiums for employees

Pre-qualified companies will be among the first to receive plan information once the insurance plans are selected and begin marketing and enrollment.

**To sign up for updates on
Cover Tennessee
1-866-COVERTN
or go to
www.COVERTN.gov**

COVER TENNESSEE

An Update from the office of Governor Phil Bredesen

October 6, 2006

STATE ISSUES REQUEST FOR PROPOSALS FOR COVERTN PLAN ADMINISTRATOR

The Division of Insurance Administration in the Department of Finance & Administration has issued the Request for Proposals (RFP) for an insurance plan administrator for CoverTN, the cornerstone of Governor Bredesen's Cover Tennessee initiative. CoverTN is an affordable and portable health insurance plan that is intended to help small business in Tennessee get basic health coverage for their employees. At least two plans will be offered to give participants a choice.

"CoverTN represents an opportunity for many working Tennesseans who are going without health insurance," said Governor Phil Bredesen. "This is not only important for these Tennesseans, but also for the growth of small businesses in our state. I am very pleased that we are taking this important step in the process."

CoverTN is a partnership between the state, employers and their employees to create guaranteed, affordable, portable, basic health coverage for uninsured, working Tennesseans. The RFP designates parameters for benefit plans, but does not define the benefit package. Proposals are due November 27, 2006 for a projected contract start date of January 15, 2007.

"The competitive procurement for this plan will ultimately define the benefits we are able to offer under CoverTN, so this RFP is very important step in bringing this product to market," said Dave Goetz, Commissioner of the Department of Finance & Administration. "This is a different kind of animal for the health insurance world...it is a defined contribution health plan, not a defined benefit plan. The market will come back and tell us what is possible for the amount of money Tennesseans are putting into this program. The competitive procurement will ensure that our contribution buys the most for the money."

The RFP stipulates that plans must include several categories of benefits with maximum co-payments including hospital inpatient and outpatient services, outpatient behavioral health, physician services,

pharmacy, ambulance, urgent care, radiology and pathology. (Complete minimum requirements are specified in Attachment 6.4, Part B, pages 92-94.) Plans need not include maternity since that coverage will be available under another program in the Cover Tennessee initiative, CoverKids.

CoverTN premiums are estimated at an average of \$150 per month but will vary based on age, tobacco use and BMI. The state and a participating employer will each contribute 1/3 of the premium amount and the covered employee will pay the final 1/3.

At launch, CoverTN will be available only to employees of qualified small businesses (25 or fewer employees) and sole proprietors, but in Phase 2 the State will expand eligibility to companies of up to 50 employees and to individuals who work for non-participating employers. CoverTN is a voluntary program for qualified employers who want to participate. Coverage will also be available for spouses of CoverTN plan participants.

Initial plan eligibility is open to employers that:

- Are located in Tennessee
- Have 25 or fewer full time equivalent employees
- Offer the plan to all employees
- Have at least half of the workforce earning \$41,000 or less
- Have not offered health insurance to employees for at least 6 months, or if health insurance was offered within the last 6 months, the employer has paid less than 50% of the premiums

Interested employers may pre-qualify to offer CoverTN at www.CoverTN.gov. A company that has pre-qualified will receive enrollment materials as soon as they are available, but will not be obligated to participate based on the pre-qualification.

Portability means that the individual will own this policy and can maintain the coverage if they leave the participating employer. Self-employed individuals, CoverTN plan participants who have left their participating employer, and spouses will receive the state's 1/3 premium contribution, but will have to pay the other 2/3.

Enrollment is expected to begin within the first

quarter of 2007. Information on all Cover Tennessee programs is available at www.CoverTN.gov. Tennesseans are encouraged to sign up for updates at www.CoverTN.gov or by calling 1-866-COVERTN to be certain to receive more information as it becomes available.

The RFP may be found at <http://www.state.tn.us/finance/rds/ocr/rfp.html>.

Proposed Benefit Package for Children Enrolled in CoverKids

As submitted to CMS September 6, 2006

BENEFIT	FAMILY INCOME BETWEEN 150-250% FPL	FAMILY INCOME AT OR BELOW 150% FPL
Annual Deductible	None	None
Pre-existing Condition Requirement	None	None
Physician Office Visit	\$15 co-pay PCP; \$20 co-pay specialist	\$5 co-pay PCP or specialist
Hospital Care	\$100 per admission (waived if readmitted within 48 hours for same episode)	\$5 per admission (waived if readmitted within 48 hours for same episode)
Prescription Drug Coinsurance/Copay	\$5 generic; \$20 preferred brand; \$40 non-preferred brand	\$1 generic; \$3 preferred brand; \$5 non-preferred brand
Maternity	\$15 co-pay OB, first visit only; \$20 co-pay specialist; \$100 hospital admission	\$5 co-pay OB or specialist, first visit only; \$5 hospital admission
Routine Health Assessment and Immunizations – Child	No co-pays for services rendered under American Academy of Pediatrics guidelines	No co-pays for services rendered under American Academy of Pediatrics guidelines
Emergency Room	\$50 co-pay per use (waived if admitted)	\$5 co-pay per use in case of an emergency (waived if admitted); \$10 co-pay per use for non-emergency
Chiropractic Care	\$15 co-pay; Maintenance visits not covered when no additional progress is apparent or expected to occur	\$5 co-pay; Maintenance visits not covered when no additional progress is apparent or expected to occur
Ambulance Service – Air & Ground	No co-pay 100% of reasonable charges when deemed medically necessary by claims administrator	No co-pay 100% of reasonable charges when deemed medically necessary by claims administrator
Lab and X-ray	No co-pay 100% benefit	No co-pay 100% benefit
Physical, Speech & Occupational Therapy	\$15 co-pay per visit; Limited to 52 visits per year per condition	\$5 co-pay per visit; Limited to 52 visits per year per condition
Mental Health Inpatient (preauthorization required)	\$100 co-pay per admission; Limited to 30 days per year	\$5 co-pay per admission; Limited to 30 days per year
Substance Abuse Inpatient (preauthorization required)	\$100 co-pay per admission; Limited to two 5-day detox stays per lifetime; plus one 28-day lifetime stay	\$5 co-pay per admission; Limited to two 5-day detox stays per lifetime; plus one 28-day lifetime stay
Mental Health/Substance Abuse Outpatient (preauthorization required)	\$20 co-pay per session; Limited to 52 sessions mental health and substance abuse combined	\$5 co-pay per session; Limited to 52 sessions mental health and substance abuse combined
Annual Out-of-Pocket Maximums	5% of family income	5% of family income